

Message Text

SECRET

PAGE 01 SEOUL 07980 281045Z

17 11
ACTION PM-07

INFO OCT-01 EA-11 ISO-00 EUR-25 H-03 AID-20 EB-11 NSC-10

SPC-03 SS-20 RSC-01 CIAE-00 INR-10 NSAE-00 DODE-00

OMB-01 SSO-00 INRE-00 NSCE-00 DRC-01 /124 W

----- 099723

O R 280933Z NOV 73
FM AMEMBASSY SEOUL
TO SECSTATE WASHDC 1283
INFO CINCPAC IMMEDIATE

S E C R E T SEOUL 7980

E.O. 11652: N/A
TAGS: MASS KS
SUBJECT: FY-1974-79 SECURITY ASSISTANCE PROGRAM GUIDANCE FOR KOREA

REF: A SECDEF 5374/062106Z NOV 73; B CINCPAC 090402Z NOV 73;
C JUSMAGK 272355Z: D SEOUL A-115 OF APRIL 9, 1973

1. EMBASSY HAS REVIEWED DETAILED FY-75-79 POM GUIDANCE REFS A AND B AND JUSMAG POM SUBMISSION WHICH HAS BEEN HAND CARRIED TO CINCPAC. SPECIFIC EMBASSY CORRECTIONS TO SUBMISSION HAVE BEEN FORWARDED IN REF C. FOLLOWING ARE OVERALL EMBASSY COMMENTS ON THIS YEAR'S POM REQUESTED IN PARA 5, REF B.

2. MAJOR IMMEDIATE QUESTION WE WISH TO RAISE CONCERNS MAP SUPPORT FOR O&M. EMBASSY'S STRONG VIEW IS THAT THERE IS NO JUSTIFICATION FOR MAP O&M FUNDING IN FY-75 AND THAT WE SHOULD MAKE THIS DECISION NOW SO WE CAN NOTIFY KOREANS SUFFICIENTLY IN ADVANCE OF THEIR CY-75 BUDGET CYCLE. IF WASHINGTON AGENCIES APPROVE, WOULD RECOMMEND WE INFORM ROKG OF DECISION NO LATER THAN JANUARY 1974.

3. AS EMBASSY STUDIES HAVE ESTABLISHED (REF D) KOREA CLEARLY HAS ECONOMIC CAPABILITY TO COVER THEIR O&M

SECRET

SECRET

PAGE 02 SEOUL 07980 281045Z

COSTS WITHOUT SIGNIFICANT NEGATIVE ECONOMIC IMPACT. PRIME

RATIONALE ESTABLISHED A YEAR AGO FOR CONTINUING O&M IN FY-74 AND FY-75 WAS TO ALLOW ROKG SUFFICIENT TIME TO DEVELOP ALTERNATE ADMINISTRATIVE AND BUDGETARY ARRANGEMENTS. THIS RATIONALE NOW OVERTAKEN BY FACT THAT WE WERE NOT ABLE PROVIDE ANY O&M IN FY-74 FIRST HALF, WHICH WAS MOST CRITICAL ADJUSTMENT PERIOD FROM ROKG VIEWPOINT. KOREANS HAVE ALREADY HAD TO MAKE ADJUSTMENT. WHILE WE EXPECT SOME ROKG PROTEST, WE BELIEVE KOREANS ALREADY HAVE SEEN HANDWRITING ON THE WALL. FURTHER, AT RECENT SECURITY CONSULTATIVE MEETING, DEPUTY DEFENSE SECRETARY CLEMENTS PROVIDED WARNING ON O&M WHEN HE EMPHASIZED THAT "IN FUTURE ROK DEFENSE BUDGET FORMULATION IT WOULD NOT BE ADVISABLE TO RELY UPON US O&M SUPPORT." DECISION NOW TO CUT OFF O&M IN FY-75 WILL ALSO STRENGTHEN OUR POSITION IN JUSTIFYING OUR FUTURE KOREAN MAP PROPOSALS TO CONGRESS AND GAO.

4. OTHER MAJOR QUESTION WE HAVE WITH THIS YEAR'S POM CONCERNS OUT-YEAR GRANT AID LEVELS BEYOND FY-76 PROVIDED IN BASIC POM GUIDANCE. WE BELIEVE GRANT MAP AFTER 1976 IS NOT DEFENSIBLE ON ECONOMIC GROUNDS. ECONOMIC AND BUDGETARY DATA IN THE POM DEMONSTRATE THAT KOREA HAS THE CAPACITY TO ACHIEVE FULL FINANCIAL SELF-SUFFICIENCY IN THE DEFENSE AREA THROUGH SUBSTANTIALLY INCREASED USE OF FMS CREDIT, AND A SLIGHT ANNUAL INCREASE IN THE PERCENTAGE OF GNP ALLOCATED TO DEFENSE. THIS WOULD STILL LEAVE KOREA WITH A DEFENSE BURDEN THAT IS LOW BY ANY STANDARD (ROUGHLY 4.5 PERCENT OF GNP FOR DEFENSE COMPARED TO, E.G, TAIWAN - 9 PERCENT, IRAN - 7 PERCENT, TURKEY - 5 PERCENT, AND NORTH KOREA - 16 PERCENT). MOREOVER, CURRENT STRONG GROWTH IN THE ECONOMY -- 1973 GNP AT LEAST 22 PERCENT ABOVE LAST YEAR AND A VIRTUAL DOUBLING OF EXPORTS - ENHANCE PROSPECTS FOR THE ROK ECONOMY TO ACHIEVE THE 9-11 PERCENT GNP GROWTH PLANNED THROUGH 1979, AND THIS FURTHER ADVANCE THE ROK'S CAPACITY TO CARRY THE FINANCIAL BURDEN OF ITS OWN DEFENSE.

5. WE NOTE THAT IN ORDER TO REACH GUIDANCE LEVELS, JUSMAG HAS HAD TO PROGRAM EQUIPMENT ATTRITION

SECRET

SECRET

PAGE 03 SEOUL 07980 281045Z

MOSTLY VEHICLES, AS A MAJOR COMPONENT OF THE FY-77 PROGRAMS AND VIRTUALLY THE ENTIRE FY-78 PROGRAM THIS INDICATES THAT ESSENTIAL MODERNIZATION NEEDS OF THE ROKF WILL HAVE BEEN LARGELY MET BY THE END OF FY-76.

6. IN VIEW OF THE FOREGOING, WE RECOMMEND TERMINATION OF GRANT MAP AFTER FY-76 BE SERIOUSLY CONSIDERED OR, AT A MINIMUM, THERE BE A DRASTIC REDUCTION IN THE FY-77 AND

FY-78 GRANT MAP LEVELS.

7. OTHER SPECIFIC POINTS: A) FMS CREDIT; WE FULLY
ENDORSE EXPANDED USE OF FMS CREDIT AS PROPOSED IN THE
POM SUBMISSION. B) IF NO FUNDS ARE PROVIDED FOR CPIC
IN FY-74. WE BELIEVE THAT FUTURE OF PROGRAM WOULD NEED
TO BE CAREFULLY WEIGHED. IN NO EVENT SHOULD WE HOLD OUT
ANY UNREALISTIC EXPECTATION TO THE ROK'S REGARDING
FUNDING OF THE PROGRAM IF IT IS NOT ACCORDED A HIGH
PRIORITY IN OUR PROGRAM PROJECTIONS. C) FY-74-75
PRIORITY LIST: AS STATED ABOVE, WE BELIEVE THERE SHOULD
BE NO O&M IN FY-75. REGARDING FY-74 LISTING IT IS
OUR VIEW NUMBER ONE PRIORITY SHOULD GO TO F-5E
PROCUREMENT.
UNDERHILL

SECRET

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 28 NOV 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: worrelsw
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973SEOUL07980
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: DC ALTERED
Executive Order: GS
Errors: N/A
Film Number: n/a
From: SEOUL
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t1973118/aaaaafhs.tel
Line Count: 130
Locator: TEXT ON-LINE
Office: ACTION PM
Original Classification: SECRET
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: SECRET
Previous Handling Restrictions: n/a
Reference: A SECDEF 5374/062106Z NOV 73: B CINC, PAC 090402Z NOV 73;
Review Action: RELEASED, APPROVED
Review Authority: worrelsw
Review Comment: n/a
Review Content Flags:
Review Date: 01 FEB 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <01-Feb-2002 by martinjw>; APPROVED <06 MAR 2002 by worrelsw>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: FY-1974-79 SECURITY ASSISTANCE PROGRAM GUIDANCE FOR KOREA
TAGS: MASS, KS
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005